Sustainable development – Beyond rhetoric and aspirations*

The project is funded by the European Union

IPM Research Center

11 Gazety Prauda Ave., room 315
220116, Minsk, Belarus
tel./fax: +375 (17) 207 4725
web-site: http://research.by/
e-mail: research@research.by

Commentary 9/2018
November 5, 2018

Ben Slay

For those of us working in UN circles, the logic and importance of sustainable development and its associated policy/global governance frameworks often seem self-evident. For others, however (especially those who are not well versed in these frameworks) this is not necessarily the case. Instead, the global Agenda 2030 for sustainable development and its monitoring framework, the Sustainable Development Goals (SDGs), often seem long on rhetoric and aspirations, and short on pragmatic relevance to the real-world policy and programming challenges facing public- and private-sector decision makers.

This paper seeks to address this gap by briefly explaining why – in practical terms – sustainable development and the SDGs are increasingly seen as relevant and useful by decision makers. It also seeks to present some possible implications for Belarus.

Sustainable development – An "idea whose time has come"?

As a conceptual and governance paradigm, sustainable development has been the subject of countless international conferences and generated voluminous academic literatures[1]. In practical terms, in today's world, sustainable development is perhaps most salient for three reasons.

First: as a concept, sustainable development has transcended its roots in the environmental movement, in which biodiversity and conservation were emphasized in isolation from (sometimes in contravention with) economic growth and more materialistic notions of "social progress". Today, arguments that growth is a necessary (but hardly sufficient) condition for generating the resources and technologies needed for transitions to less resource-intensive, post-industrial societies are increasingly accepted in the environmental community. The fact that growth models based on unsustainable water and land use are themselves hardly sustainable – as is apparent, for example, in those Central Asian countries most affected by the desiccation of the Aral Sea – is likewise increasingly understood. Links between environmental mismanagement, armed conflict, and failed states (as in the Syrian civil war) are likewise increasingly acknowledged. The Arab Spring and the social tensions underpinning it likewise underscored the importance of *social sustainability* – understood as social contracts to underpin social peace and cohesion – as a key precondition for sustainable economic growth. These considerations highlight the importance of *integrated* policy and programmatic approaches, that can simultaneously address the social and environmental (as well as economic) dimensions of growth and development.

Second: Agenda 2030 and the SDGs are now at the centre of the global governance framework, in which global targets and indicators for climate change, poverty reduction, gender equality, finance for development, and disaster risk management show high degrees of internal consistency. Moreover, as approved by the world's governments (at the UN General Assembly) in September 2015, Agenda 2030 and the SDGs are supposed to universally apply to all countries (albeit in common but differentiated ways). As such, the current global governance framework can be seen as more ambitious, comprehensive, and internally consistent than its predecessors. For sceptics who question the practical relevance of such frameworks, this may not matter much. But others have taken note.

Third, and perhaps most importantly: sustainable development and the SDGs are increasingly seen as useful by private companies and sub-national governments – institutions for which profitability, pragmatism, and problem solving as a rule outweigh flowery decorum. A recent JPMorgan research report found that more than one trillion dollars of assets under management on global capital

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* This paper has been drafted for the KEF-2018 "Belarus in the Brave New World" and does not necessarily reflect the views of UNDP, the United Nations, or its Member States. The author would like to thank Joanna Kazana and Zachary Taylor for helpful comments and guidance.

[1] The roots of the sustainable development paradigm can arguably be traced back as far as Malthus (18th century), if not further. In more recent times, the Brundtland Report (*Our Common Future*, 1987), the 1992 Earth Summit in Rio de Janeiro (which inter alia established the UN Framework Convention on Climate Change), and the 2006 Stern Review (on the economics of climate change) may be of particular import.

markets are now being managed according to "robust ESG [environmental, social, and governance] metrics".[2] Companies that sell directly to the public increasingly find that catering to consumer interest in products and services with "fair trade", "green", or other sustainability labels can be good business. And even in countries where national governments are led by parties for whom sustainable development is uninteresting (e.g., the USA), major cities in those (including Boston, Chicago, Houston, Los Angeles, New York, and Philadelphia) have prioritized reductions in municipal carbon footprints, and preparation for futures in which transport is not based primarily on internal combustion.[3]

Sustainable development therefore looks increasing like "an idea whose time has come" – or, at least, whose time is now coming. This hardly guarantees sustainable development a rapid, uninterrupted transition to universal practice (reasons for this are explored below). Nor does it offer iron-clad protection against the consequences of over-burdened planetary boundaries, or political projects with suspect sustainability dimensions (i.e., present trends may be too little, too late). The point is instead that those who dismiss sustainable development as a "fad" are increasingly finding themselves on the wrong side of markets, capital flows, and governments in most of the world's largest cities (as well as countries). In the real world, this matters.

Why is this happening? What has changed?

A number of factors would seem to be responsible for the growing traction that sustainable development and its cousins are experiencing in policy and commercial circles. These include:

Demonstration effects. When a country/city/company adopts "sustainability" models and messaging, this can implicitly put pressures on others/competitors to do the same. Otherwise, citizens/partners/customers/counterparts/shareholders/stakeholders, etc. may ask "why aren't we doing this"?

Trans-national governance frameworks. Growing numbers of countries are covered/influenced by trans-national cooperation frameworks that *de facto* multilateralize sustainability policies and instruments. For example, developing countries that wish to export manufactured goods to European Union markets must ensure that their exports comply with EU environmental and energy-efficiency regulations. In practice, this dynamic often generates regulatory convergence and knock-on effects in the developing countries themselves.

Risk management. Companies/cities/countries that don't adopt sustainable business/governance models may face heightened risks, *inter alia* in the form of:

- Reputational risks, especially for companies, and with certain key market segments;
- Climate risks, especially those associated with extreme weather events whose frequency and intensity are generally understood as growing with climate change; and
- Economic growth risks, as inattention to sustainability concerns may slow growth (e.g., for regions next to the Aral Sea in Central Asia) or prevent it (e.g., fallout from the Arab spring). Many governments that prioritize economic growth over other dimensions of sustainable development increasingly believe that growth is more likely if social and environmental sustainability risks are minimized.

Key drivers and enablers of national transitions to sustainable development

What factors play the most important roles in determining the course and outcomes of national transitions to sustainable development? International experience highlights the importance of factors in three areas:

Government interest, first and foremost. "Getting prices rights" – particularly in ensuring that long-run marginal costs and prices of resource-intensive goods and services reflect negative externalities – is clearly a big part of sustainable development. But international experience also underscores the importance of state regulation to promote private-sector investments in energy efficiency and renewables, etc. State procurement policies, and state investments in disaster- and climate-risk reduction, also matter.[4]

Well designed national sustainable development policy frameworks, featuring robust monitoring and evaluation frameworks with appropriate links to sectoral, sub-national, and budgetary frameworks.

Official statistical data are of good quality and available – particularly as concerns key sustainable development areas. While the longer-term implications of big data, alternative data, and other elements of the data revolution for sustainable development are potentially ground breaking, national statistical offices seem likely to continue to perform the lion's share of the data work needed for sustainable development to happen. ("You can't manage what you can't measure.") This particularly concerns data for monitoring progress in: (i) the inclusion of vulnerable

[2] См. J.P. Morgan Perspectives, *Better Business, Better World*, 9 May 2018.

[3] These cities are increasingly linked to other global municipalities via the C40 network.

[4] The importance of effective state intervention to address market failures in other areas (inter alia in terms of macroeconomic policy and financial market supervision) goes without saying. Likewise for the role of states in preventing or minimizing armed conflict.

groups (which requires extensive disaggregation of national socio-economic indicators by gender and other vulnerability criteria); (ii) improvements in the quality of governance (e.g., as concerns corruption); and (iii) environmental sustainability (e.g., as concerns the definition and measurement of natural capital stocks). It is sobering to note that three years after the UN General Assembly's approval of Agenda 2030, data gaps continue to be critical constraints on monitoring progress towards sustainable development in most middle-income countries.

Challenges to national transitions to sustainable development

Even countries whose governments are strongly committed to sustainable development, which have broadly supportive policy frameworks in place, and whose national statistical offices possess appropriate levels of institutional capacity are finding that the sustainable development "devils in the details" can pose major challenges. These include the following:

Political economy dynamics, especially in terms of collective action problems, vested interests, and sacred cows. Classical public choice dilemmas of ensuring that the broader public's longer-term interests (in sustainable development) prevail over the real-time lobbying power of key sectors (e.g., energy, petro-chemicals, metallurgy, automobiles, finance) are proving to be particularly relevant in many countries. On the other hand, the growing numbers of companies that see commercial benefits in adopting more sustainable business models suggest that the public interest may increasingly be served by these companies' engagement in the political calculus for sustainable development.[5]

Underdeveloped analytical frameworks for operationalizing sustainable development, particularly as concerns the management of policy synergies and (especially) trade-offs. It is no secret that policies promoting environmental or social sustainability can sometimes have negative implications for economic growth (and vice versa). It is also clear that some situations offer opportunities for synergistic "triple wins" across the economic, environmental, and social dimensions of sustainable development. How can the direction and strengths of these relationships be identified? Their complexity and inter-linkages imply that the SDGs can be seen as a network – reflecting the fact that movement toward a given target may also influence progress in other areas. Nilsson et al (2016) have developed a conceptual framework for capturing this complexity by organizing evidence about inter-SDG linkages along a seven-point scale. Use of such an SDG networking framework could help policymakers to identify policies and programming that minimize trade-offs and maximize synergies associated with sustainable development.

"Where's the money?" In contrast to the Millennium Development Goals that preceded them, the SDGs were not born on promises of major increases in official development assistance. ODA is instead recognized in the Agenda 2030 and in the Addis Abba Action Agenda (for finance for development) as serving primarily to "galvanize" or "catalyse" other sources of development finance – particularly from government budgets and private companies, as well as (in some countries) from remittances. The unfolding SDG financing picture suggests an emerging, rough-and-ready bifurcation between two different classes of countries: (i) upper-income and upper middle-income countries (like Belarus and its neighbours to the East and West), for whom national budgets and commercial institutions are the dominant sources of SDG finance, and for whom ODA is very small; and (ii) lower middle-income, low-income, and less developed countries, for whom ODA and remittance inflows may also (in addition to national public and commercial finance) acquire significant dimensions.[6] (This pattern is most apparent in countries like Armenia, Georgia, Moldova, and Tajikistan.) Even in these countries, however, ODA is rarely large enough to make an impact by itself – highlighting the continuing importance of "blending" ODA with other sources of finance. In addition to introducing or scaling up "blending" instruments, progress in sustainable development finance may also depend on national efforts to link SDG targets and indicators to national development programming and budgetary processes.

Belarus and sustainable development

In contrast to many other middle-income countries, Belarus is widely seen as a relatively egalitarian country without significant regional disparities or variations in income around national averages. The country also compares favourably on standard measures of health, education, employment, and gender equality; government investments in education are helping to position Belarus as a major exporter of IT services. Despite having maintained much of its industry from the Soviet period, the most recent data available (2011) indicate that Belarus emits fewer greenhouse gases per unit of GDP than the Russian Federation, and significantly less than Ukraine or Kazakhstan. The country's forest cover has expanded some 10% since the dissolution of the USSR, and prevailing water and land management policies do not seem to impose significant burdens on Belarus's natural capital.

[5] For more on this, see UNDP, *Institutional and Context Analysis for the Sustainable Development Goals: Guidance Note* (2017).

[6] This taxonomy excludes countries in crisis situations, for whom the financing of humanitarian activities is understood to take precedence over development finance.

But if Belarus fares relatively well in terms of the social and environmental dimensions of sustainable development, its performance along the economic dimension is an area of key concern. Following a decade of rapid economic growth, GDP and living standards have essentially stagnated since the currency crisis of 2010-2011 – suggesting that Belarus has fallen in to a middle-income country trap. While the country's IT and fledgling SME sectors show increasing promise, the emphasis on maintaining Soviet-era industry, agricultural, energy, trade, and financial (as well as social) sector institutions has precluded the dynamic economic modernizations experienced by Poland and other Central European and Baltic countries that have integrated into global value chains via EU accession. While efforts to combine Belarus's traditional economic orientation towards the Russian Federation with more recent cooperation with China (particularly in knowledge-intensive, high-tech industrial branches) may ultimately pay important dividends, this combination has yet to yield a perceptible improvement in the country's growth performance.[7]

This underscores what is perhaps the key sustainable development challenge facing Belarus: How to reform the economy and accelerate growth without risking the progress that has been attained in the environmental and (especially) socials dimensions? How can the imperatives of modernizing the manufacturing, energy, agricultural, and financial sectors be reconciled with the traditional emphasis on state enterprises as providers of employment and employment-based social protection – as well as with the maintenance of Belarus's natural capital needed for future generations?

These questions also extend to financing Belarus's prospective transition to sustainable development. How can such finance be procured in a country which has traditionally run current account surpluses with (i.e., been a net capital exporter to) most of the world (except for the Russian Federation), and where the state budget dominates domestic finance? How can the very modest ODA flows Belarus receives be most usefully blended with state budget and other forms of development finance, to maximize their collective impact?

Author: Ben Slay, Senior Advisor at the Regional Service Centre for Europe and CIS, UNPD; member of the KEF Board

[7] For more on this, see Jörg Radeke and Dmitry Chervyakov, Belt and Road Initiative (BRI) in Belarus: Assessment from an economic perspective (German Economic Team in Belarus, September 2018).